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Evaluation

Evaluation of UNDP inter-agency pooled financing services (2010-2017)

Executive summary

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I. Purpose and background

1. The Independent Evaluation Office of UNDP carried out an evaluation of the UNDP Inter-Agency Pooled Financing Services (2010-17). The evaluation is part of the multi-year evaluation plan, 2018-2021, approved by the Executive Board in its decision 2018/1. It covered the period 2010-2017 and was limited to the inter-agency services provided by UNDP through the Multi-Partner Trust Fund Office.

2. The evaluation was conceived within the provisions of the UNDP evaluation policy for the purpose of strengthening UNDP accountability to global and national development partners, including the Executive Board; supporting better oversight, governance and risk management practices in UNDP; and fostering organizational learning. The evaluation was relevant and timely, as the United Nations development system is undergoing restructuring under the Secretary General's reform proposal to deliver the 2030 Agenda for sustainable development.

3. The inter-agency pooled financing mechanism is used to receive contributions from multiple financial partners and allocate those resources to multiple implementing entities to support specific national, regional or global development priorities. The inter-agency pooled funds constitute one of the key streams of non-core funds to participating United Nations organizations.

4. The objectives of the evaluation were: (a) to assess the effectiveness and efficiency of UNDP in providing inter-agency pooled financing services to contributing donors and participating United Nations organizations; and (b) to provide findings, conclusions and recommendations to improve and inform the comparative advantage and positioning of UNDP as a provider of inter-agency pooled financing services.

5. The evaluation addressed the following key questions deriving from the theory of change developed during the process: (a) How effective and efficient is UNDP in providing pooled financing services to its partners? (b) What is the operational performance of UNDP pooled financing mechanisms? (c) What are the added value, benefits and risks of the pooled financing mechanism as a system-wide service? and (d) Do pooled financing mechanisms contribute to supporting the country-level priorities of the United Nations development system?

6. The evaluation built on previous reviews of the pooled-funding mechanism, both internal and external, as well as related examinations of inter-agency activity, including those commissioned by the United Nations Development Group and other United Nations organizations. Mixed methods for data collection, both qualitative and quantitative, were used to gather evidence. These included: calibrated surveys of United Nations entities, donors and non-United Nations entities; a sample of desk and country case studies; financial flows and trend analysis in pooled financing; and interviews and focus group discussions with all key stakeholders. The evaluation covered 19 countries and included United Nations headquarters in New York and United Nations organizations with headquarters in New York, Geneva, London, Nairobi, Paris, Rome, and Vienna. Thirty-five United Nations entities, 16 donors and six non-United Nations organizations participated in the evaluation.

7. Quality assurance for the evaluation was ensured by an expert from the International Evaluation Advisory Panel, an independent body of development and evaluation experts. It was conducted in line with Independent Evaluation Office principles and criteria to ensure a sound, robust evaluation methodology and analysis of the evaluation findings, conclusions and recommendations. The expert reviewed the application of Independent Evaluation Office norms and standards for quality of methodology, triangulation of data collected, and analysis, as well as independence of information and credibility of sources. The evaluation underwent internal peer review in the Independent Evaluation Office prior to final clearance.

II. United Nations inter-agency pooled funds and the Multi-Partner Trust Fund Office

8. United Nations pooled funds, administered by the Multi-Partner Trust Fund (MPTF) Office, are designed to support a clearly defined programmatic scope and results framework through contributions from multiple funders that are held and managed by a United Nations fund administrator. The use of such funds is expected to strengthen coherence and collaboration within the United Nations development system, bridging silos between humanitarian, peace, security and development assistance, improving risk management, broadening the contributor base, and better positioning the United Nations system to deliver on the 2030 Agenda.

9. Pooled financing mechanisms operate in a wide range of contexts, and on different geopolitical scales: global, regional, national and subnational. They can be managed by the United Nations or nationally managed. They may operate through single or multiple funding windows, based on the scope and complexity of programmatic goals and the number and diversity of implementing partners.

10. UNDP plays a central role in managing and administering the United Nations pooled-financing mechanisms, through the MPTF Office. The Office acts as the administrative agent to pool financing from donors, and passes it to participating United Nations organizations and non-United Nations entities. With a firewall in place to avoid any conflict of interest, UNDP also implements projects and programmes as a participating United Nations organization.

11. Multi-donor trust funds and joint programmes are the two major types of pooled funds administered by the MPTF Office. Multi-donor trust funds are pass-through[1] financing tools available to the United Nations for pooling funds to support a strategic goal, clearly outlined in a results matrix. The programmatic scope of multi-donor trust funds is broad and transformative in nature, with several high-level outcomes, which also defines the multi-donor trust fund financial design. The multi-donor trust funds can be established at the global, regional or country level, and are often thematic in nature, targeting particular development, transitional, environmental or humanitarian needs.

12. All United Nations multi-donor trust funds have almost similar governance arrangements. Fund implementation is the responsibility of United Nations organizations, who may work with their government and non-governmental organization partners in accordance with their own rules and regulations. Fund operation is directed by a steering committee, chaired or co-chaired by the United Nations and supported by a secretariat (or the resident coordinator's office in the case of a 'delivering as one' fund). The steering committee sets the overall direction, makes resource allocation decisions and carries out independent reviews. As the appointed fund administrator, or administrative agent, the MPTF Office supports fund design and is responsible for receiving, administrating and releasing funds to implementing entities in accordance with decisions from the steering committee, and for consolidating the financial report.

13. Stand-alone joint programmes are pass-through financing tools available to United Nations organizations for pooling funds to support a strategic objective or outcome, outlined in a joint programme document with a clear results framework and budget. The joint programme normally has a well-defined, limited scope and is based on a partnership typically involving two to five United Nations organizations. At the country level, the programmatic scope is aligned with national priorities as reflected in a United Nations Development Assistance Framework/One United Nations programme or equivalent programming instrument or development framework. A joint programme can be established at the national

[1] In pass-through mechanisms, the fund administrator (the MPTF Office in this case) receives funding from multiple donors and channels them to multiple participating United Nations organizations. The fund administrator in a pass-through mechanism is responsible for managing fund receipt, distribution and reporting processes.

(involving one country), regional or global level (involving two or more regions or countries). Global and regional joint programmes usually address normative and policy issues at the global or regional level, while national joint programmes focus on operational activities in one thematic area in one country.

14. Joint programmes have governance arrangements similar to those of United Nations multi-donor trust funds. Fund implementation is the responsibility of United Nations organizations, who may work with their government and non-governmental organization partners in accordance with their own rules and regulations. Fund operation is directed by a steering committee, chaired or co-chaired by the United Nations and supported by a convening agency. The steering committee sets the overall direction, makes resource allocation decisions and carries out independent reviews. The convening agency is responsible for operational and programmatic coordination, including the coordination of narrative reporting. As the appointed fund administrator or administrative agent, the MPTF Office receives the contributions and channels them to participating United Nations organizations based on steering committee decisions.

III. Trends in inter-agency pooled financing

15. Since its inception in 2004, the MPTF Office has managed over $10 billion in funding, through 148 funds, supporting activities in over 110 countries, with 52 participating United Nations organizations and 98 donors (93 countries, the European Union, the African Union, the World Bank, and contributions from the United Nations, private entities, non-governmental organizations, and crowdfunding). There are several types of pooled funds by theme, including six humanitarian funds (for Afghanistan, the Central African Republic, the Democratic Republic of the Congo, Somalia, South Sudan, and Sudan), accounting for $3.6 billion; 21 United Nations One Funds, accounting for $1 billion; 13 climate change funds, accounting for $0.6 billion; 66 development funds, accounting for $1.6 billion; and 32 transition funds, accounting for $3.3 billion.

16. While nearly 100 countries have contributed to the funds, five (the United Kingdom, Spain, Norway, Sweden, and the Netherlands, in order of magnitude) accounted for 62 per cent of funding provided from 2004 to 2017; four of those countries each contributed to 40 or more funds (the Netherlands, Norway, Sweden, and the United Kingdom). The top 10 donors contributed 85 per cent of the total. On the other hand, 80 contributing countries provided a combined total of under 4 per cent of funds. 40 per cent of countries contributed to one or more of three funds sponsored by the Secretary General: the Peacebuilding Fund, the Ebola Response Fund, and the Haiti Cholera Fund.

17. The MPTF Office transferred funds to participating United Nations organizations[2], non-United Nations participating organizations, and Governments, for the implementation of projects under each fund. The participating organizations included 20 United Nations Secretariat entities, 18 funds and programmes, and 12 specialized United Nations agencies, as well as 12 other entities that included the African Union, non-governmental organizations and governments for the first time in the 2010-2017 period. One hundred and ten countries received services from 62 participating organizations. United Nations funds and programmes were involved in activities in 109 countries, United Nations specialized agencies in 100, and

[2] For the analytical purposes of this evaluation, United Nations entities have been classified into the following categories:
United Nations funds and programmes: IOM, ITC, NGO/UNDP, UNAIDS, UNCDF, UNCTAD, UNDP, UNDP (UNV), UNEP, UNFPA, UN-Habitat, UNHCR, UNICEF, UNOPS, UNRWA, UN-Women, NGO/UN-Women, and WFP; United Nations specialized agencies: FAO, IAEA, IBRD, ICAO, IFAD, ILO, IMO, PAHO/WHO, UNESCO, UNIDO, UNWTO, and WHO;
United Nations Secretariat: ECA, ECE, ECLAC, EOSG, ESCAP, ESCWA, NGO/OCHA, OCHA, OHCHR, OSRSG-SVC, DESA, DPA, DPKO, UNICRI, UNITAR, UNMAS, UNMEER, UNODC, OLA, and UNSSC (see annex for definitions).

United Nations Secretariat entities in 53. All non-governmental organizations operated under the Peacebuilding Fund.

IV. Evaluation findings

A. Portfolio of pooled financing

18 Pooled financing has become a well-established mechanism over the past decade. Since its inception in 2004, the MPTF Office has managed over $10 billion in funding, through 148 funds, supporting activities in over 110 countries, with 52 participating United Nations organizations and 98 donors. There are several types of pooled funds by theme, including six humanitarian funds (for Afghanistan, the Central African Republic, the Democratic Republic of the Congo, Somalia, Sudan, and South Sudan), accounting for $3.6 billion; 21 United Nations One Funds, accounting for $1 billion; 13 climate change funds, accounting for $0.6 billion; 66 development funds, accounting for $1.6 billion; and 32 transition funds, accounting for $3.3 billion.

19 The total value of annual contributions to pooled funding managed by the MPTF Office increased in 2010-2017 compared to 2004-2009, and has been largely stable on an annual basis over the more recent period. While the number of donors has increased over time, the average annual contribution per donor has varied over the years, decreasing from $15.9 million in 2010 to $12.5 million in 2017.

20. The total number of donors to the MPTF Office managed funds increased from 53 in 2004-2009 to 95 in 2010-2017. Sixty-three of the 98 donors contributed to three funds or fewer, and 38 of those contributed to one fund only, including 30 that contributed only to United Nations Secretary-General Funds. Of the 98 donors, 88 contributed to the Secretary-General's funds and 24 to a single other fund. The top 10 donors made 85 per cent of overall contributions. The bottom 80 donors made under 4 per cent of the total contributions, while 40 per cent of donor countries contributed only to funds sponsored by the Secretary-General, providing 0.3 per cent of total contributions.

21. The 10 largest donors were the United Kingdom, Spain, Norway, Sweden, the Netherlands, the European Union, Japan, Australia, Canada, and Denmark, in that order. From the first period (2004-2009) to the second (2010-2017), 45 new donors were added. A comparison of donor contributions in the two periods revealed that in the second period 35 donors increased their contributions while 12 reduced them. Although the European Union, Japan and Spain reduced their contributions in 2010-2017 by more than 75 per cent compared with their 2004-2009 contributions, they remained among the top 10 donors overall. The number of donors per fund during 2010-2017 varied from one to 45. On average, the top three donors in each of those funds contributed nearly 60 per cent of the total value.

22. Forty-six multi-donor trust funds and joint programmes received contributions in 2004-2009, and 146 during 2010-2017. The 10 largest funds, by overall amount of contributions, were: the United Nations Development Group (UNDG) Iraq Trust Fund, the Sudan Humanitarian Fund, the Democratic Republic of the Congo Humanitarian Fund, the Peacebuilding Fund, the Millennium Development Goals (MDG) Achievement Fund, the South Sudan Humanitarian Fund, the Somalia Humanitarian Fund, the United Nations REDD[3] Programme Fund, the expanded 'delivering as one' funding window, and the Tanzania One United Nations Fund. These funds continued to be among the largest recipients in 2010-2017 (with the exceptions of the UNDG Iraq Trust Fund and the MDG Achievement Fund, both of which concluded early in the period), and were joined by the Afghanistan Humanitarian Fund, the Somalia Multi-Window Trust Fund, the UNDG Haiti Reconstruction Fund, the Ebola Response Fund, the South-Sudan Humanitarian Fund, and the Common

[3] Reducing Emissions from Deforestation and Forest Degradation in Developing Countries

Humanitarian Fund in the Central African Republic, each of which received in excess of $150 million.

23. Twenty funds received contributions from 10 or more donors over the 2004-2017 period. The Peacebuilding Fund had the largest number (57 donors), which also included contributions from private sector organizations and the United Nations. The top three funds with the largest number of donors (the Peacebuilding Fund, the Ebola Response Multi-Partner Trust Fund and the United Nations Haiti Cholera Response Multi-Partner Trust Fund) were all United Nations Secretary-General Funds. The others included five United Nations Development Group multi-donor trust funds, six United Nations Secretariat humanitarian funds, and five 'UNDG One Funds'.

24. At the other extreme, 67 funds had only a single donor in the 2010-2017 period (compared to 18 between 2004 and 2009), and 14 had only two donors. Seventy-six per cent of the single-donor funds were for joint programmes, with a total of 19 donors – of which Sweden alone contributed to 10. Five of the single-donor funds had a single participating United Nations organization that had received transfers as of December 2017, while 40 per cent (27) single-donor funds made transfers to only two or three organizations.

25. The number of United Nations organizations participating in multi-donor trust funds and joint programmes increased significantly from 33 in the first period (2004-2009) to 52 in the second (2010-2017). Between 2004 and 2017 a total of 62 entities (52 participating United Nations organizations, seven non-United Nations organizations and three governments) received $9.8 billion from the MPTF Office, of which $6.7 billion was received during 2010-2017. During 2010-2017, UNDP received 39 per cent of the total transfers (UNDP, 21.7 per cent; non-governmental organization/UNDP[4], 17.2 per cent; and UNDP/UNV, 0.02 per cent). The top three participating United Nations organizations (UNDP, UNICEF, and the Food and Agriculture Organization – FAO) together received 57 per cent of the total transfers. The other large participating United Nations organizations were: the World Food Programme (WFP), non-governmental organizations/Office for the Coordination of Humanitarian Affairs[5], the World Health Organization (WHO), the International Organization for Migration (IOM), UNOPS and UNFPA. Those top 10 participating United Nations organizations accounted for 83 of total fund transfers from the MPTF Office.

26. In 2016, for the first time, non-United Nations participating organizations were included as a part of the pooled-financing mechanism without having to go through a participating United Nations organization as managing agent. The seven organizations were: the Association for Cooperative Operations Research and Development, CARE, Educare Liberia, Humanity & Inclusion (previously Handicap International), Interpeace, Mercy Corps, and Search for Common Ground. All transfers were made from the Peacebuilding Fund in 2017. Total transfers amounted to $3.1 million (0.4 per cent of total 2017 transfers). Also new in this period was the transfer of funds to three governments: the Government of Mali received $41.5 million, the Government of the Central African Republic received $4.5 million, and the Government of Somalia received $2.8 million (0.5 per cent of total transfers between 2010 and 2017).

27. Over 110 countries benefited from pooled financing between 2004 and 2017. Seventy-four received funding during 2004-2009 and 110 during 2010-2017. Transfers to the Democratic Republic of the Congo, Somalia, South Sudan and Sudan constituted 45 per cent of the funding in 2010-2017. The top five countries received 50 per cent of total funding, while 90 of the 110 countries received about 20 per cent.

28. There was a significant variation in donor contributions among fund themes between 2010 and 2017, with increased funding to climate change (from $39.7 million to $99.8 million); development (from $65.2 million to $80.6 million, with a peak of over $200 million in 2014) and transition funds (from $103.4 million to $288.8 million); while

[4] NGO/UNDP

[5] NGO/OCHA

contributions to humanitarian funds remained largely unchanged, averaging $265 million. 'Delivering as one' funds saw a decline in funding, from $66.9 million to $28.8 million.

29. United Nations Secretariat funds (particularly humanitarian funds) and United Nations Development Group multi-donor trust funds attracted more funding volume, while funds sponsored by the Secretary-General attracted more donors, primarily with small contributions. Considering the seven categories of pooled funds, the largest contributions were to the United Nations Secretariat funds, particularly the humanitarian funds ($3.7 billion, or 36 per cent), followed closely by United Nations Development Group multi-donor trust funds ($3.6 billion, or 35 per cent). While 89 per cent of donors contributed to funds sponsored by the Secretary-General, those contributions constitute only 10 per cent ($1 billion) of the overall total. Forty-eight donors contributed to only one category, mainly funds of the United Nations Secretary-General. Twenty-four donors contributed to two categories. Denmark, the Netherlands, Norway and Sweden contributed to all seven categories.

B. Effectiveness and efficiency of the inter-agency pooled-financing mechanism

Design, establishment and governance

30. The MPTF Office has established itself as a strong, credible and neutral provider of United Nations pooled financing services establishing standards for administrative agent services. The administrative agent service administered by the MPTF Office is highly regarded by donors and agencies alike. The MPTF Office and its staff are praised for their client-focused professionalism and their support to the design of new funds. Donors and organizations recognize the value of work done by the Office to standardize the various agreements used for pooled financing, as well as their provision of standard financial reports acceptable to donors, stating that the Office sets the standard for the administrative agent services of all United Nations organizations.

31. There is, however, considerable scope for strengthening the design of funds and their governance. This would be best accomplished with a much stronger role for the MPTF Office, not only to ensure the quality of fund design but also to monitor the implementation of United Nations Development Group quality standards by the respective steering committees and participating United Nations organizations; and through a multi-stakeholder advisory and consultative mechanism.

32. With notable exceptions (the MDG Achievement Fund and the Peacebuilding Fund), earlier funds often lacked a clearly articulated theory of change and results framework, which weakened results reporting. United Nations Development Group guidance in 2015 highlighted the importance of having a clear theory of change and results framework for each fund. Donors and organizations alike recognize that the continuing lack of an appropriate results framework at the beginning of each fund reduces its attractiveness to donors and the ability of organizations to manage and report on results. While the administrative agent can be called upon to support development of the logical framework, there is no party responsible for ensuring that the theory of change or results frameworks meets requisite standards. If this is not done when the fund is established, fund quality and results reporting will be weakened.

33 United Nations Development Group guidelines accept that any United Nations organization may be the administrative agent of multi-donor trust fund and joint programme funds. In most cases where organizations other than the MPTF Office serve as administrative agent, they do so for joint programmes in which they are the lead organization. Most do not have the same level of capability as the MPTF Office, typically providing administrative agent services through non-dedicated finance department units – which results in non-uniform reporting, a lower level of support, and reduced transparency. Organizations and donors consistently affirmed that the MPTF Office sets the standard for administrative agent services and is able to support the development of funds better than any other entity. These

capabilities are especially important for multi-donor trust funds, since joint programmes often rely on the design support of the lead entity.

34. In 2014, the United Nations Development Group established thresholds for annual contributions to new joint programmes ($1 million per participating United Nations organization) and multi-donor trust funds ($2 million for simple and $5 million for normal multi-donor trust funds), which were meant to guide organizations towards more cost-effective minimum values and ensure that the correct United Nations instrument was being used relative to the risk profile of each instrument, including the programmatic and financial risks associated with small joint programmes and multi-donor trust funds for the various stakeholders. The establishment of a minimum threshold for acceptance of new multi-donor trust funds and joint programmes may have resulted in some cost savings to the MPTF Office and a reduction in the number of new joint programmes accepted. However, organizations report that the thresholds have left them without a good alternative for the administration of smaller funds, resulting in higher support costs and the use of standard agreements not designed to support joint programming.

35. United Nations Development Group guidance in 2015 did not set out clear best practices to include donor membership on the steering committee for all global funds and 'one funds', rather leaving each fund to decide. While most global or country funds include donors on the steering committee, this sometimes has to be requested, which frustrates donors. There is a need for the United Nations Development Group to revisit the guidance and make it explicit.

Operational performance

36. Financial transfers to and from the MPTF Office are generally quite prompt. The Office exceeded its 2017 key performance indicator target of 95 per cent of transfers to participating United Nations organizations within five days of receipt of request. However, internal delays sometimes occurred within participating organizations when transfers were not clearly identified. Overall respondent satisfaction with the Office meeting partner operational needs was highest with regard to "prompt transfer of funds", "accountability", "transparency", "financial reporting", and "narrative reporting". Satisfaction was lowest with regard to "results reporting", "supporting the sustainable development goals", "innovative partnership", and "support to fund design".

37. Pooled financing reduced transaction costs for donors. However, such costs increased substantially for United Nations organization country staff and resident coordinators. This corresponded with the findings of Independent Evaluation Office survey data and some earlier studies and evaluations that had reported similar trends. Transaction costs increased for organizations with additional negotiation, planning and coordination processes and meetings, and were a greater burden when allocations were small. Higher organization transaction costs are not seen to improve projects; their benefit (if any) may reportedly be found in improved country team or inter-organization planning and programming, as well as engagement with government.

38. The MPTF Office and donors alike called attention to the widespread problem of delayed closure of projects on the part of participating United Nations organization, which has often extended for several years. Some progress has been made since 2016, but the problem remains significant. As a result, resources may be held by the recipient organization until project closure and unavailable for use by others, perhaps leaving a considerable balance to refund at closure. While the problem is greatest with UNDP and the Office for the Coordination of Humanitarian Affairs in their managing agent roles, it is also significant for other UNDP and Office for the Coordination of Humanitarian Affairs allocations, as well as those for UN-Habitat and UN-Women.

Reporting and accountability

39. The MPTF Office Gateway is a recognized by stakeholders as a transparent tool for reporting information on donor contributions. Multiple improvements were identified during the evaluation to make the site more useful, particularly more frequent updating of

expenditures and clearer organization of documents. Respondents found the quality of all three types of reporting satisfactory, with financial reporting rated the highest, narrative reporting second, and result reporting somewhat problematic. Some donors commented that the financial information provided through the MPTF Office Gateway was clearer and more complete than what they received from the Office for the Coordination of Humanitarian Affairs or the World Bank, to whom they have suggested using the MPTF Office Gateway as a model to improve their reporting. While the annual financial and narrative reporting of MPTF Office-administered funds and joint programmes follow United Nations Development Group guidance on reporting and fulfil donor headquarters requirements, annual reporting is not considered sufficiently frequent for stakeholder monitoring or management of the funds.

40. Although varied, the quality of narrative reporting is generally acceptable to organizations and governments, but more than half of headquarters- and country-based donor respondents consider results reporting to be less than satisfactory. Primary concerns are that reports (a) do not present outcome-level changes; and (b) do not show how fund resources contribute to outcomes further down the delivery chain. Respondents attribute the weakness to a lack of adequate attention to the theory of change and results frameworks during fund establishment. Resolving this would not necessarily ensure good results reporting, but would be a pre-condition to achieving it.

41. To avoid any real or perceived conflict of interest between the fund administrative agent and its dual role as a participating United Nations organization in the multi-donor trust funds, joint programmes/One United Nations funds, there is a functional firewall. The firewall between the MPTF Office as administrative agent and UNDP as implementer is working appropriately. Nevertheless, a significant minority of participating United Nations organizations feel that the connection of UNDP with the resident coordinator at the country level puts it in an unfair advantage vis-à-vis access to multi-donor funding, with higher levels of dissatisfaction among specialized agencies and United Nations Secretariat entities. The evaluation found no evidence of firewall violation.

Managing agent and non-governmental organization participation

42. United Nations development organizations have for years contracted non-governmental organizations as implementing partners within United Nations system programmes; however, non-governmental organization projects were not funded outside the context of an organization programme. The managing agent role was created in 2006 to enable non-governmental organizations to access funding for their own projects under the first humanitarian funds established in the Democratic Republic of the Congo and Sudan in that year. United Nations Development Group guidelines for the managing agent stipulate that "[e]ach participating organization assumes full financial and programmatic accountability for the funds disbursed to it by the administrative agent and for the implementation of the project". While this works well for most participating United Nations organizations that fund non-governmental organizations to carry out projects which are part of their broader programme, those guidelines do not work in humanitarian situations where the steering committee selects a non-governmental organization and its project and then allocates funds to a participating United Nations organization as managing agent to contract the non-governmental organization. As a result, the managing agent cannot exercise "programmatic accountability".

43. UNDP has been providing managing agent services since 2006. However, it has been slow in adapting its procedures for providing managing agent services (non-governmental organization access to non-governmental organization projects) under country-based pooled funds, which are under the overall authority of the Humanitarian Coordinator supported by the Office for the Coordination of Humanitarian Affairs. This has caused tensions between UNDP and the Office for the Coordination of Humanitarian Affairs with respect to managing agent services. UNDP delays in full implementation undercuts the argument for its comparative advantage in providing such services.

44. While the MPTF Office and the Office for the Coordination of Humanitarian Affairs both provide managing agent services under humanitarian pooled funds, each has a different contribution agreement. The differences between the legal instruments and contacts creates complexity, and higher transaction costs, for donors contributing to humanitarian funds, who would like to see the legal instruments standardized.

45. Direct access by non-governmental organizations to United Nations pooled funds has been an issue since the early days of humanitarian reform (Democratic Republic of the Congo and Sudan humanitarian funds) and before that with the UNDG Iraq Trust Fund, and has seen a further push with the localization thrust of the Grand Bargain agreed at the World Humanitarian Summit in 2016. Working with the Peacebuilding Fund since 2016, the MPTF Office has managed a pilot for direct transfer of funds to non-governmental organizations as non-United Nations participating organizations. This provides a third option for non-governmental organization access to United Nations Development Group pooled-financing resources, in addition to that of an implementing partner for a United Nations organization or a party contracted by a managing agent for the project of that non-governmental organization. The participating non-United Nations organizations pilot has demonstrated promising results for the Peacebuilding Fund. However, delays in standardizing the memorandum of understanding have impeded its full roll-out for wider use.

C. Role of pooled funds in supporting United Nations development system priorities at the country level

46. MPTF Office-supported United Nations pooled funds have contributed positively to promoting donor coordination and United Nations coherence, despite the increased competition for resources among participating organizations. While multi-donor trust funds and joint programmes have been instrumental in promoting integrated planning at the country level in support of United Nations Development Assistance Frameworks and supporting national ownership, the success of these – according to respondents – is varied, and depends largely on the commitment of the resident coordinator to the One United Nations philosophy; the relationship between the resident coordinator and United Nations country team heads/resident representatives; and pressure from the recipient government as to how the United Nations should operate in their country ('delivering as one').

47. United Nations pooled funds are seen by donors as harmonizing aid in line with the principles of the Paris Agreement and good donor practices. They bring together the strengths of various United Nations organizations, promote United Nations coherence and collaboration, assure proper fund utilization, provide an opportunity to work at scale, reduce overhead costs, and help leverage resources to address national priorities. Concerns remain, however, on the unclear results focus of funds, loss of donor visibility and transparency in fund utilization further down the delivery chain, and value for money.

48. With regard to promoting gender equality and women's empowerment, the majority of respondents stated that the pooled funds supported by MPTF Office encouraged the incorporation of gender considerations. MPTF Office guidelines on designing pooled funds for performance make reference to the importance of incorporating gender as a cross-cutting issue, but there are no clear-cut criteria for ranking or prioritization of funds or programmes promoting gender equality or women's empowerment. The evaluation noted that this was not an integral feature of the mechanism, but rather of the policies and practices of individual organizations on gender mainstreaming.

49. The overall impression of respondents was that while pooled financing may be consistent with United Nations coherence and coordination, it requires a degree of political commitment by the key actors, together with a clear focus of the fund and a shared understanding of how the programme should produce desired results. It has contributed to promoting the priorities of the United Nations development system at the country level and has contributed to promoting national ownership. This is especially true in the case of development, transition and climate funds.

V. Conclusions

Conclusion 1

50. Pooled financing has become a well-established mechanism over the past decade. The number of funds (administered by the MPTF Office), donors, and participating organizations, have all increased substantially. However, annual funding has been relatively stable over recent years, with decreased average contributions per donor. While development, transition and climate change funds have attracted more donor funding, 'delivering as one' funds have seen a decline, although contributions to humanitarian funds have remained nearly stable. The donor pool is top-heavy. Ten donors provide over 85 per cent of funding to all categories of funds, while 80 per cent of donors provide less than 5 per cent of funds, including 40 per cent of donors that contributed solely to funds sponsored by the Secretary-General, with 0.3 per cent of total contributions.

51. Increasing the amount of donor funding through pooled funds, and the effectiveness of United Nations programming supported by pooled funds, is critical to the Secretary-General's reform proposals and the implementation of the 2030 Agenda. While the number of contributing donors can be increased by promoting pooled-financing services for the Secretary-General's funds among United Nations member states, increasing the amount of total contributions depends mainly on a combination of (a) Quadrennial Comprehensive Policy Review-related dialogue with a limited number of key donor countries to increase the share of pooled financing in their contributions; (b) United Nations Development Group-related dialogue and the reform of pooled fund design and management to increase the results focus of United Nations organizations participating in pooled funds; (c) exploring innovative sourcing of contributions, including private sector engagement; and (d) continued strengthening of the quality and value addition of administrative agent services provided by the MPTF Office.

Conclusion 2

52. The MPTF Office is a key provider of system-wide inter-agency pooled financing services that administers United Nations pooled funds. It is highly regarded by donors and participating organizations for its strong fund design and administration capability, high credibility to collect and make known 'best practices', setting standards for other organizations providing administrative agent services. It is recognized by most donors and participating organizations as the preferred choice for administrative agent. Nonetheless, major concerns remain with respect to the quality of fund design and the weak results focus. While the parties to each fund are responsible for the results focus, no one is currently responsible for ensuring that the results focus and quality standards of the United Nations Development Group policy are adequately reflected in fund design.

Conclusion 3

53. MPTF Office annual financial reporting and Gateway information on donor transfers meet the donor reporting requirements for contributions to the United Nations. Nonetheless, the lack of more frequently updated expenditure reporting on the Gateway is considered a weakness in terms of its usefulness for stakeholder information and management of progress from the fund or at the country level. While the quality of narrative reporting is generally considered satisfactory by participating organizations, donors remain concerned about the reporting on outcome-level changes further down the results delivery chain.

Conclusion 4

54. The provision of managing agent services (to contract non-governmental organizations selected for their own projects by the Multi-Donor Trust Fund Steering Committee) under humanitarian and transition funds is not supported by appropriate United Nations Development Group policy. The United Nations Development Group requirement that the participating United Nations organization providing managing agent services have "full programmatic and financial accountability" for non-governmental organization projects

holds the participating United Nations organization or managing agent accountable without any control or authority. This puts UNDP offices providing managing agent services in an untenable position.

55. UNDP has been providing managing agent services since 2006. However, it has been slow in adapting its procedures to the provision of managing agent services for humanitarian funds, and has not established the mechanisms necessary to enable smooth managing agent service delivery for these funds. Greater attention is needed to ensure the timely implementation of recent policy changes that hold out promise for improvement to managing agent services under the humanitarian funds.

Conclusion 5

56. The pilot allowing non-governmental organizations to receive funding directly from the administrative agent as a non-United Nations participating organization under the Peacebuilding Fund is a welcome test for wider use, and may have particular relevance for humanitarian and transition funds. Once the pilot has been assessed and adjustments made to United Nations Development Group guidance, it should be more widely available for funds with a risk profile appropriate for this instrument.

Conclusion 6

57. The firewall between the MPTF Office as an administrative agent and UNDP as a participating United Nations organization is working as it should. However, there is a perception among a significant minority of participating United Nations organizations that the firewall at the country level is less effective than it should be, with greater dissatisfaction among specialized agencies. Non-resident agencies are concerned that they do not learn of new opportunities until things have already been decided by UNDP and other major organizations in the country, creating the perception that UNDP benefits unfairly from its close connection to the resident coordinator. Many donors and participating United Nations organizations noted that allocations were generally made by a steering committee where all partners participated, so biased allocation would be noticed and objected to – of which the evaluation found no evidence. While the minority perceptions of bias can be discounted, they suggest the need for improved dissemination of information to all potentially interested organizations regarding new fund opportunities.

Conclusion 7

58. Insufficient attention to fund closure undermines United Nations claims of efficiency and accountability in the use of the pooled funds entrusted to it. While MPTF Office efforts over the recent years have led to improvements in organizational performance with respect to financial closure rates of operationally closed outstanding projects (bringing down the unclosed projects balance from $34 million at the end of 2015 to $14 million at the end of 2017), stricter compliance by participating organizations on timely fund closure of projects would free up significant resources that could be potentially used by other organizations with active projects under the fund.

Conclusion 8

59. UNDP is recognized by all stakeholders as the best institutional location for the MPTF Office, although its location can sometimes create a false perception as to the system-wide nature of its services. For the MPTF Office to be truly seen as a service of the United Nations system rather than a UNDP service, there is a need to institutionalize a multi-stakeholder steering committee mechanism that includes partner United Nations organizations and contributing partners.

Conclusion 9

60. United Nations pooled funds play a key role in harmonizing aid in line with the principles of the Paris Agreement and good donor practices. They bring together multiple strengths of different United Nations organizations; promote United Nations coherence and

collaboration; assure proper fund utilization; provide an opportunity to work at scale; reduce overhead costs; and help leverage resources, especially from small and non-traditional donors. Concerns remain, among some donors, however, on the unclear results focus of some funds, loss of donor visibility, transparency in fund utilization further down the delivery chain, and value for money.

Conclusion 10

61. United Nations pooled funds supported by the MPTF Office have contributed positively to promoting donor coordination and United Nations coherence, despite the increased competition for resources among participating United Nations organizations. While multi-donor trust funds and joint programmes have been instrumental in promoting integrated planning at the country level in support of United Nations Development Assistance Frameworks, the success of these efforts, according to respondents, is varied and depends largely on the resident coordinator's commitment to the One United Nations philosophy, the relationship between the resident coordinator and the United Nations country team heads or resident representatives, and pressure from the recipient government as to how the United Nations should operate in their country ('deliver as one').

62. While most of the multi-donor trust fund and joint programmes supported by the MPTF Office incorporate gender concerns, this is not an integral feature of the mechanism but rather of the policies and practices of the particular organization on gender mainstreaming. More systematic effort is needed to promote gender equality and women's empowerment in MPTF Office-supported funds and programmes.

VI. Recommendations

Recommendation 1

63. UNDP should initiate a dialogue with the United Nations Development Group to increase transparency in fund utilization further down the results delivery chain, and to demonstrate a clear United Nations comparative advantage and value for money, enhanced by long-term country presence as a trusted partner with government and the international community. To contribute to that effort, the MPTF Office should refine its financial and narrative reporting framework and guidelines for participating United Nations organizations. This will increase donor confidence, help mobilize resources, and contribute to the Secretary General's vision and reform agenda, including by doubling pooled financing over the next four years.

Recommendation 2

64. UNDP should advocate for a much stronger administrative agent role in monitoring the fulfilment of United Nations Development Group quality standards by the respective steering committees and participating United Nations organizations. The administrative agent should be charged not only with supporting the design of funds and programmes, but also monitoring and supporting organizational quality in implementation. The MPTF Office should require that all fund terms of reference include a clear theory of change and results framework as part of fund design to structure reporting. The Office should engage with the participating United Nations organizations of each fund and provide support and quality assurance regarding compliance with the terms of reference, confirmed in the administrative agent's written acceptance of the fund.

Recommendation 3

65. UNDP may consider initiating a dialogue with the United Nations Development Group for the revision of its policy and documents to properly reflect the role of the managing agent by indicating that its accountability is limited to financial and project management issues, while programmatic accountability lies with the responsible project authority (steering committee or humanitarian coordinator) and the respective non-governmental organization.

Recommendation 4

66. UNDP needs to fast-track the implementation of its updated guidelines and responsible party agreement for the managing agent function under humanitarian funds (and update programme and operations procedures to reflect the special dispensation required for provision of such services.

Recommendation 5

67. The MPTF Office should assess the non-United Nations participating organization pilot for direct access to United Nations pooled funds by non-governmental organizations, and should propose necessary adjustments to United Nations Development Group guidance (including the preparation of a revised standard administrative arrangements and memorandum of understanding for such modality), so that they can be rolled out as an option for other funds (particularly humanitarian and transition funds) where relevant.

Recommendation 6

68. The MPTF Office ought to make information on new funds available to all interested parties. The Office should act to ensure that any potential participating organization could become aware of new opportunities, by providing that information on the Gateway. Furthermore, the Office should encourage resident coordinators to make such information available and to actively brief the country teams about new funds under discussion or agreed, without implying that everyone will necessarily have a "share".

Recommendation 7

69. UNDP, as a participating United Nations organization, should increase its efforts to close the backlog of old project allocations that are essentially concluded but not yet financially closed, particularly in the four countries where it is managing agent to country-based pooled funds.

Recommendation 8

70. The MPTF Office should initiate a process for establishing a multi-stakeholder steering committee, including partner United Nations organizations and donor representatives, that meets at least on an annual basis to review progress and discuss trends in global financing and strategies on the way forward. Such a mechanism will strengthen partner engagement and reinforce the confidence of donors and partner organizations in the mechanism and its use.

Recommendation 9

71. The MPTF Office should develop guidelines and procedures to ensure that considerations related to gender equality and empowerment are reviewed for 'quality at entry' and incorporated into fund design, appraisal and allocation processes.

Annex

Definitions of acronyms and abbreviations used in footnote 2

DESA – Department of Economic and Social Affairs

DPA – Department of Political Affairs

DPKO – Department of Peacekeeping Operations

ECA – Economic Commission for Africa

ECE – Economic Commission for Europe

ECLAC – Economic Commission for Latin America and the Caribbean

EOSG – Executive Office of the Secretary-General

ESCAP – Economic and Social Commission for Asia and the Pacific

ESCWA – Economic and Social Commission for Western Asia

FAO – Food and Agriculture Organization

IAEA – International Atomic Energy Agency

IBRD – International Bank for Reconstruction and Development

ICAO – International Civil Aviation Organization

IFAD – International Fund for Agricultural Development

ILO – International Labour Organization

IMO – International Maritime Organization

IOM – International Organization for Migration

ITC – International Trade Centre

NGO – Non-governmental organization

OCHA – Office for the Coordination of Humanitarian Affairs

OHCHR – Office of the United Nations High Commissioner for Human Rights

OLA – Office of Legal Affairs

OSRSG-SVC – Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict

PAHO – Pan American Health Organization

UNAIDS – Joint United Nations Programme on HIV/AIDS

UNCDF – United Nations Capital Development Fund

UNCTAD – United Nations Conference on Trade and Development

UNEP – United Nations Environment Programme

UNESCO – United Nations Educational, Scientific and Cultural Organization

UNHCR – Office of the United Nations High Commissioner for Refugees

UNICEF – United Nations Children's Fund

UNICRI – United Nations Interregional Crime and Justice Research Institute

UNIDO – United Nations Industrial Development Organization

UNITAR – United Nations Institute for Training and Research

UNMAS – United Nations Mine Action Service

UNMEER – United Nations Mission for Ebola Emergency Response

UNODC – United Nations Office on Drugs and Crime

UNRWA – United Nations Relief and Works Agency for Palestine Refugees in the Near East

UNSSC – United Nations System Staff College

UNV – United Nations Volunteers

WFP – World Food Programme

WHO – World Health Organization

WTO – World Trade Organization